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The Global Newspaper Edited and Published in Paris Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, New York, Rome, Tokyo, Frankfurt.

HERALD INTERNATIONAL Tribune

Published With The New York Times and The Washington Post LONDON, THURSDAY, SEPTEMBER 24, 1992

ESTABLISHED 1887

Chances Ebb For Debate Between Bush And Clinton

White House Maintains Its Refusal to Accept Panel's Ground Rules

By Paul F. Horvitz International Herald Tribune WASHINGTON — The prospect of any debate between the presidential candidates...



Traders at the Paris Bourse with their eyes fixed on screens showing the fluctuating French franc on Wednesday.

Money Crisis Highlights Traders' Clout

By Floyd Norris New York Times Service NEW YORK — On a dull day, hundreds of billions of dollars' worth of Deutsche marks, yen, dollars and other currencies change hands...

In a Pinch, Will Germany Protect Bond With France?

By Joseph Fitchett International Herald Tribune PARIS — The struggle over the French franc, far more than another global financial thriller, has spotlighted a fundamental geopolitical question: Is Germany ready...

Markets Defy Joint Pledge To Shore Up Franc's Value

Bundesbank Intervenes And France Lifts Rates, But Effect Is Unclear

By Carl Gewirtz International Herald Tribune PARIS — The foreign exchange market took up the challenge of a joint French-German declaration to defend the value of the franc on Wednesday...

Serbs Pin Blame on Panic For Yugoslavia's Isolation

By Chuck Sudetic New York Times Service BELGRADE — Serbs were defiant and despairing Wednesday over Yugoslavia's ouster from the United Nations, and hard-core nationalists and former Communists who have held power here for years have launched a campaign to pin the blame on the Serbian-American millionaire they drafted to become the country's prime minister 10 weeks ago...



Relatives and friends of six slain Muslim soldiers watching Wednesday as the bodies were lowered into graves in Sarajevo.

In N.Y., Can-Do Americana Homeless Entrepreneur Is King of Discards

By Michael T. Kaufman New York Times Service NEW YORK — From the "can" of the down-and-out scufflers who range through New York City picking up empty soda and beer containers...

No Progress in Pretoria-ANC Talks

JOHANNESBURG (Reuters) — The government and the African National Congress failed Wednesday to clear obstacles blocking a meeting between President Frederik W. de Klerk and President Nelson Mandela of the ANC.

Table with financial data including Dow Jones (Down 2.16), Trib Index (Up 0.23%), and World Cup Soccer results.

Russia's American Dream Once 'Forbidden Fruit,' U.S. Now the Rage

By Margaret Shapiro Washington Post Service MOSCOW — In Russia, after decades of official anti-U.S. propaganda, things American are all the rage. The greenback has never been stronger. U.S. workers are admired for their diligence and dedication...



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CAMPAIGN '92 / 'FOOLING AROUND'

On-Again, Off-Again: Teasing and Bedeviling, Perot's at It Again

By E. J. Dionne Jr.

WASHINGTON — Ross Perot is at it again, teasing the electorate and bedeviling the two major parties by declaring that he made a mistake when he dropped out of the presidential race in July and saying he will reconsider his plans in the next week.

At his request, Mr. Perot met for 45 minutes Tuesday with James A. Baker 3d, the White House chief of staff, at Mr. Baker's Washington residence.

Mr. Squires laid out a long list of things that might constitute "fooling around" for Mr. Perot. He could yet endorse or tilt toward Mr. Clinton.

Mr. Perot might choose to run actively in only a few states. Mr. Squires mentioned Texas and Florida as states where he might run "just to help Clinton."

Mr. Perot has given \$16 million of his own money to the committee — 86 percent of its total contributions — since it began filing reports with the commission in March.

is seeking the consolations of more publicity. Edward J. Rollins, who signed on as campaign manager but had a bitter break with Mr. Perot just before his candidacy collapsed, predicted that Mr. Perot would re-enter the race.

ELECTION NOTES Clinton Appropriates Symbols of Legitimacy WASHINGTON — "They're stealing our symbols," a Republican operative cried after she learned that the country singer Tammy Wynette had performed at the glittering fund-raiser last week for Bill Clinton in Beverly Hills.

6-Week Ad Barrage Starting Bush and Clinton Plot Different Strategies By Howard Kurtz WASHINGTON — A new phrase has become the rage among Bill Clinton's campaign staff: "cost per persuadable voter."



Bill Clinton was temporarily caught up by well-wishers while campaigning in East Lansing, Michigan.

70 Million Saw 'Murphy Brown,' CBS Reports WASHINGTON — CBS research estimated that about 70 million viewers tuned in Monday night to all or part of the one-hour season premiere of "Murphy Brown."

DEBATE: When and If... (Continued from page 1) "Without being held accountable for the accuracy or validity" of the attacks.

Away From the Hustings The controversial space station Freedom will continue to be built after House and Senate negotiators agreed to spend \$2.1 billion next year to carry on with the station, scheduled for launching in late 1995.

Mr. Clinton plans to show up in Louisville, just as he did in East Lansing, Michigan, where the first debate had been scheduled.

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U.S. Nuclear Testing 'Disappoints' Australia Canberra — Australia is "disappointed" that the United States continues nuclear bomb tests while other "forward-looking" countries have suspended them, the government said Wednesday.

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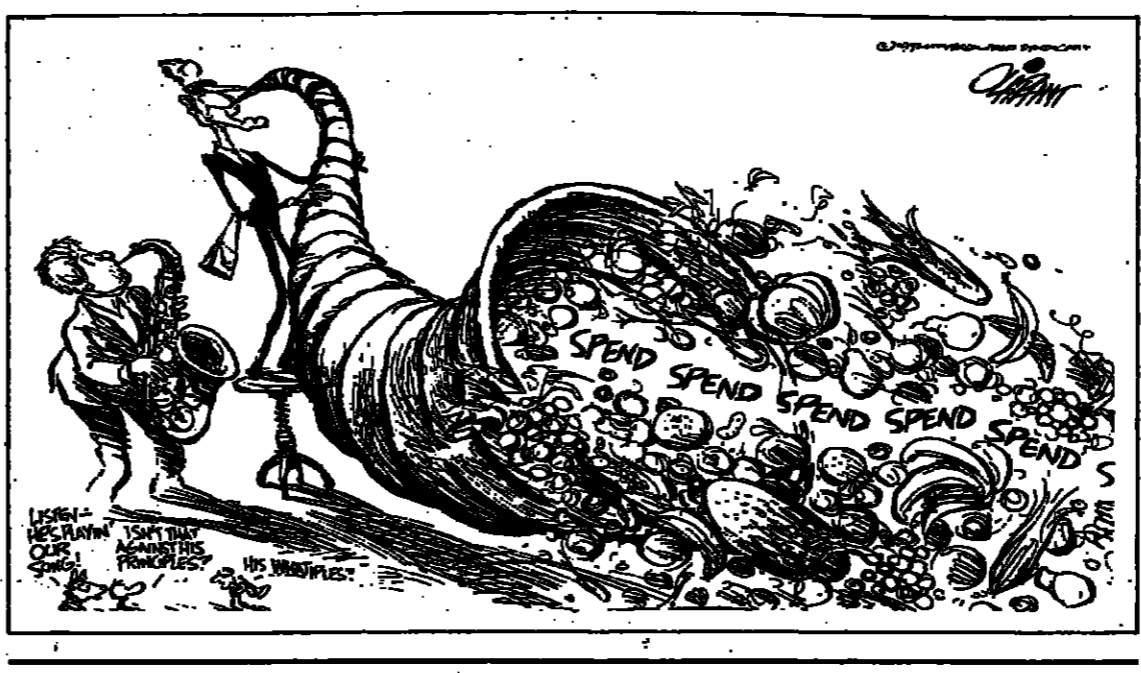


OPINION

California Shows the Uses Of a Big Wall to Back Into

By George F. Will

LOS ANGELES — "Dear Governor Wilson: If no one likes you then no one will vote for you. The teachers are going to go on strike. You better shape up or bye-bye you're out of there."



LETTERS TO THE EDITOR

The Long View of Europe

During a three-month period I have asked as many people as I could the same questions about European union. The answers vary little. Most of those who favor a European union express a sense of duty and a notion that a united Europe is, after all, our best choice in the long term.

will contribute to uniting Europeans instead of dividing them.

JORGEN J. HEMPEL, Coudebecq, France. Actually, the 19th-century Klan, organized to frighten blacks from using their newly won franchise after the Civil War, disbanded after the Republican Party abandoned the Southern blacks to the whites and devices of the former Confederacy in exchange for the contested presidency in 1877.

ments, he mentions the Ku Klux Klan "rousing mobs against Catholics as well as blacks... well into this century."

Actually, the 19th-century Klan, organized to frighten blacks from using their newly won franchise after the Civil War, disbanded after the Republican Party abandoned the Southern blacks to the whites and devices of the former Confederacy in exchange for the contested presidency in 1877.

After a Movie, Still Waiting For the Twentieth Century

By Hans Koning

NEW YORK — This August I finally got to see a film that had haunted me, unseen, for decades: "Twentieth Century," made in 1934. It was screened at Lincoln Center in a Carole Lombard retrospective.

MEANWHILE

shoulders, or rather her left shoulder. But that was not its main fascination. There was something so free and modern about those two in that photograph, and I imagined that the title had been chosen precisely because it showed human relations as they were going to be in this new century, without the inhibitions and prohibitions of an earlier era.

INTERNATIONAL CLASSIFIED. PERSONALS: MAY THE SACRED HEART OF JESUS be adored, glorified, loved and revered throughout the world... ANNOUNCEMENTS: F.A.A.C.T.S. free Anglo American counselling... REAL ESTATE TO RENT/SHARE: GREAT BRITAIN: LONDON CHELSEA SW3... REAL ESTATE TO RENT/SHARE: PARIS AREA FURNISHED: YOUR HOME IN PARIS... TODAY'S INTERNATIONAL RECRUITMENT: Appears on Page 8... REAL ESTATE TO RENT/SHARE: PARIS AREA FURNISHED: NEAR REPUBLICAN STUDIO, 25 sqm, new lease 1 Oct... REAL ESTATE TO RENT/SHARE: PARIS AREA UNFURNISHED: INVALLDES, STUDIO with possibility of conversion... BUSINESS MESSAGE CENTER: IMPORT/EXPORT: DIRECT FROM FRENCH PRODUCERS... BUSINESS OPPORTUNITIES: GENEVA Full Service is our Business... SERVICES OFFICES: Your Office in Germany... EMPLOYMENT: CHAUFFEUR / BODYGUARD... AUTO RENTALS: CENTURY SELF DRIVE... LOW COST FLIGHTS: DAILY FLIGHTS AT LOWEST FARES... EDUCATION: FRENCH made easy, Paris 5th, Small groups, communications skills...

TAMBORRADA FIESTA SAN SEBASTIAN. Even if Work is the Reason you've Come, Something Special will be Waiting for you. AS THE WORLD'S business community is learning, the Spanish don't know the meaning of "all work and no play". Admittedly, Spain's hotels boast all the most recent technology, conference facilities, qualified staff and traditional Spanish hospitality. And yes, there is a choice of recently updated establishments, in modern or historically interesting buildings, located in cities, up mountains or by the beach. But at the end of the day, there's a lot more to a business trip in Spain than business. The climate brings a sunnier disposition to even the heaviest of meetings. And the cuisine arouses even the most jaded business palate. A stroll after dinner can bring the added pleasure of a little local colour. In San Sebastián you might bump into the "Tamborrada", a collection of drummers. But wherever you do business in Spain, the celebrations are never far away. And whatever is on the agenda, who can blame the Spanish for beating the drum. On a business trip to Spain, "Jack" will feel anything but a "dull boy".

### UN: Leader Is Blamed

(Continued from page 1)

Panic, the onus of the UN expulsion as well as the economic collapse under way in Serbia and Montenegro.

Mr. Panic took the reins of the new Yugoslavia's government in early July and has since shuttled among world capitals in an attempt to have the sanctions lifted. He has also become entangled in a power struggle with Serbia's nationalist president, Slobodan Milosevic.

In a session of parliament on Tuesday, Milosevic supporters fiercely attacked him.

"Mr. Panic is a fundamental political catastrophe for Serbia," said Brana Crncevic, an ardent nationalist.

Vojislav Seselj, an "ethnic cleansing" proponent, also lashed out at Mr. Panic and the United States. "America has decided to break Serbia's back," he said.

Serbs in one of Belgrade's 6-kilometer (4-mile) gasoline lines were subdued Wednesday, far more concerned with bread-and-butter issues.

In the economic collapse, monthly inflation here has soared well above 50 percent, and unemployment is between 50 and 70 percent, Western diplomats said.

UN officials say sanctions will remain until Belgrade recognizes Croatia and Bosnia-Herzegovina in the borders that existed before Serbian irregulars backed by the Yugoslav Army began carving out territories for force.

"This is difficult for Serbs to accept, because a Croat drew these borders," said Damir Katic, a 29-year-old mechanical-engineering student, referring to Tito, the dictator who kept Yugoslavia's rabid nationalists at bay for 35 years after World War II. "But for our leaders to say that Serbia doesn't need the international community would be like Earth saying it doesn't need the galaxy."

### CANS: Full Profit From Empties

(Continued from page 1)

accept and sort the more than 100,000 cans he says he has been handling weekly since late spring. He has an apartment in Harlem, a bank account and active dreams of eventually expanding his operation into a nationwide company that would make profits by expediting all forms of recycling.

"I know some people will say I'm exploiting those with alcohol and drug problems," said the entrepreneurial can man, who took college finance courses in his hometown of Tampa, Florida. "But tell me: How is what I'm doing any different from what commodity traders do when they buy crops at low prices from farmers in distress?"

Mr. Jeffers said that when bad luck first cast him into homelessness in 1989, he came to New York and started collecting at night while sleeping in the park by day, when it was safer. In the mornings he would carry his collection to We Can, a nonprofit center on 52d Street and 12th Avenue that accepts cans and pays full deposits to the collectors before turning over the containers to the beverage companies that pay for them.

Mr. Jeffers still brings his nightly collections to We Can. Only now instead of the 600 or 700 cans for which he used to receive \$30 to \$35, he delivers as many as 20,000, using a truck instead of the gray canvas mail carts, which, taken or borrowed from post offices, are preferred by many can hunters.



**CAMPAIGNER** — Emil Constantinescu, the Democratic Convention presidential candidate, Wednesday in Bucharest. Romanians will elect a parliament and a president on Sunday.

### ALLIES: Test for Germany

(Continued from page 1)

rency markets receive a decisive political signal that the franc will not fall.

That has to come from Bonn, and French officials said they expected it to materialize because German policymakers would see that there is an overriding political interest for their country in saving the link between the Deutsche mark and the franc.

But the real question, financial analysts said Wednesday, is whether Mr. Kohl still has sufficient leverage with political parties and the independent Bundesbank to deliver a strong enough signal to save the franc — for example, by sacrificing short-run German economic advantages as the price of solidarity with France.

"We'll go very, very far" in this direction, a German official said, because political leaders in Bonn are conscious of the potential dangers posed by a domestic revolt against Germany's commitments to European unity. "If the core of the existing currency cooperation with France collapses," he said, "the European process becomes impossible."

The political maneuvering in the crisis has been complicated by attitudes in Britain, which does not want to join any concerted effort to stabilize European currencies until Germany offers convincing evidence that it can limit the way in which the Bundesbank, with its domestic priorities, can influence the pan-European system.

Despite these technical problems, French officials said Wednesday, they expect policymakers in Bonn and central bankers in Frankfurt to recognize the political imperatives in offsetting the market onslaught against the franc.

These officials said, with what sounded like righteous indignation, that France had kept its implicit bargain with Germany, matching German performance in improving industrial and trading strength to become a reliable partner.

There is also a more fundamental calculation in Paris: A devaluation, even if it were a freak by-product of market conditions that defied the sound fundamentals of the French economy, would "psychologically devalue" a decade of efforts by the government to establish the credibility of French economic rigor.

Moreover, uncertainties about Mr. Mitterrand's future after his recent prostate surgery have clouded the franc's credibility.

But the real political dilemma, a French analyst said, is that Mr. Mitterrand and Mr. Kohl, though their interests converge in saving the franc, may no longer have the political clout between them to quell the speculative frenzy.

### EC Treaty: Danes Seek A 'Common Ground'

(Continued from page 1)

COPENHAGEN — Denmark is seeking to find "common ground" with its European Community partners on the Maastricht treaty and does not want to unduly delay the ratification procedure, Prime Minister Poul Schluter said Wednesday.

Mr. Schluter spoke at a press conference, apparently in an effort to soften reports that his government was seeking to impose broad changes in the treaty on European union rejected by Danish voters June 2.

The prime minister suggested Tuesday that a way out of the deadlock would be additional protocols to make the Community more democratic and open, but on Wednesday he steered clear of any discussion of legalities.

"We simply want to initiate talks with our partners to find common ground, because these problems are common to all 12 of us," Mr. Schluter said, adding that the French referendum on Sunday showed opposition to Maastricht to be Europe-wide. The French narrowly approved the treaty.

"At a later stage we will see how to implement an agreement," he said.

Mr. Schluter again ruled out renegotiation of the treaty on monetary union and closer political and defense integration.

The government plans to present a white paper on options to the parliament next month and then start discussions with the other EC states that could lead to a new referendum here next year.

Mr. Schluter said the poll could come in the first half of 1993. On Tuesday, he said it might be conducted as late as next autumn. "We do not want anything, without a due reason, to be dragged out," he said Wednesday.

But he added: "It is not good enough to develop the future European Community along lines which perhaps 40 or 50 percent of our people dislike or feel hesitant about."

"There's no doubt the Danish government will introduce some clarification about the third phase and the issue of European defense."

The third phase concerns a single European currency. (APF, AP)

### MONEY: Speculators' New Clout

(Continued from page 1)

and other central banks had spent billions more.

A generation ago, countries with currencies under attack by speculators could and did resort to capital controls, making it harder to move money into or out of the country in question. Now, such actions by major industrial countries are almost unthinkable, and are seldom even mentioned.

"Governments have lost that power to control capital, and they probably have lost it forever," said David C. Roche, Morgan Stanley's London-based global strategist. Like many other economists, he thinks the power of global markets have grown at the expense of governments.

"National governments no longer control their own economies, the way they arguably did 30 years ago," said David A. Wynn, the chief financial economist of DRU/McGraw Hill.

The shrinking of power reflects choices by governments, such as the widespread financial deregulation of the 1970s and 1980s, and technological innovations that made it far easier for speculators and investors to send billions or even trillions of dollars flowing around the world almost instantaneously, in search of quick profits.

That is the difference from 30 or 40 years ago, the extraordinary movement of capital over a short period of time, said Henry Kaufman, an economist who gained fame more than 20 years ago as an interest-rate forecaster for Salomon, and who now runs his own firm. "This makes life far more difficult for regulators."

The reduction of power can be overstated. Governments retain tremendous influence over economies, especially when the major governments can agree to coordinate actions. They have options in fiscal policy — raising or lowering government spending and taxes — and in monetary policy by influencing interest rates.

But, as C. Fred Bergsten, the director of the Institute for International Economics, noted, "If governments try to do inconsistent things, such as maintaining an exchange rate and not having policies that back up that rate, then the exchange rates get knocked off."

The European effort to fix currency rates within Western Europe was designed to provide the advantages of reliable and predictable exchange rates as companies do business across national borders. But trying to maintain that system — especially as pressures grew over the last two years, with Britain entering a long recession and Germany loosening its fiscal policy to pay for German reunification — reduced the flexibility of monetary policies in the various countries.

Germany felt it needed a tight money policy, to fight inflation stemming from its loose fiscal policy. Britain, meanwhile, needed a looser monetary policy to stimulate recovery, but found itself unable to have one. On Tuesday, having given up on efforts to support the pound, Britain was able to reduce interest rates.

Since the 1960s, the international flows of capital have grown sharply, and currency trading volumes are at many times the level needed to finance trade and investment. Where it was once unusual for investors to have a substantial part of their assets overseas, now it is quite common.

Moreover, much of the increase in overseas investing has come in only the last several years. American mutual funds have more than \$30 billion invested abroad.

A large part of that was invested in European countries, such as Italy, Spain and Britain, with relatively high interest rates. This month, as those currencies seemed to be in danger of sliding, fund managers rushed to hedge their positions, helping to overwhelm the abilities of European central banks to support their currencies.

The European governments have tried to have it all: relatively fixed exchange rates among countries that had significantly different economies and variant fiscal and monetary policies. The crisis showed that such a combination of policies cannot work forever.

### ICON: Russians Rush to Sample 'Forbidden Fruit'

(Continued from page 1)

construction know-how that promises "reliability from America."

In many of the drab, state-run grocery stores, shelves are filled with cans of Pepsi and Diet Coke, M&Ms and chewing gum. These products, with their bright packaging, stand out as if lit up.

A block from KGB headquarters, where people who were caught trading in then-illicit Western goods and dollars once were incarcerated, Lincoln Continentals, Chevrolets and Cadillacs are on display.

Russia's growing moneyed set of former Communist bureaucrats, quasi-capitalist hustlers and employees of foreign companies has begun to buy the U.S. cars, although Volvos and Mercedes — earlier entrants into the Russian market — are still more numerous.

The dollar, meanwhile, has become Russia's second currency. It is openly used everywhere — at street kiosks and markets, at hotels and restaurants, for paying salaries — and is more coveted than the yen or the Deutsche mark. While the dollar falters elsewhere, recently hitting postwar lows in Europe, it is king in Russia. Trading at about 32 rubles a year ago, one dollar now fetches 241 rubles at the official rate, and most economists think that trend will continue.

The combination of strong dollar and low prices — by world standards — means that, for an American, almost anything locally produced is eminently affordable. A new Russian piano costs only \$200, a loaf of bread 7 cents, a jar of black

### ICON: Russians Rush to Sample 'Forbidden Fruit'

tomatoes \$2.50, a half a kilogram (one pound) of tomatoes 15 cents and a roundtrip airplane ticket between Moscow and St. Petersburg, a distance of 650 kilometers (400 miles), about \$10.

In a country where the average wage is about \$25 a month, these prices are high for Russians. As a result, workers, taxi drivers, landlords and government officials all request dollars, not only for use in foreign currency stores but also as a hedge against inflation.

It is not only American things and money that are riding high. Having decided that the Communist system failed them miserably, leaving Russians with a living standard well below even the levels in the poorer countries of Europe, most people have transferred their hopes to communism's archenemy: the unfettered capitalism and democracy of the United States.

"What was black for so long is now white," said Victor Borisov, deputy director of the Institute for Study of the U.S.A. and Canada. "America is seen as the land of opportunity, as Russia's salvation."

As a result, U.S. consultants are becoming almost as ubiquitous in Moscow as in Washington, providing a booming business to the growing number of five-star hotels operating in the Russian capital.

Prime Minister Boris N. Yeltsin relies on U.S. academics to formulate the strategy for moving Russia to a market economy. Local governments have brought in U.S. lawyers and experts to build Western telephone systems.

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### TURKISH AIRLINES

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# Old Boys and Third World Block Reform

**By William Bramigin**  
*Washington Post Service*

At a summit meeting of the Nonaligned Movement here this week, the assembled presidents and prime ministers of the disparate group found common ground with UN Secretary-General Boutros Boutros Ghali and the world's major powers on at least one broad proposition: The United Nations needs reform.

In a speech after lunch, it became clear that reforms sought by the developing world are quite different from those advocated by industrialized countries, especially the United States.

Nations of the globe seek to define the "old order" in the aftermath of the Cold War. The United Nations is shaping up as a geological battleground. The East-West divide may be over, but an intensified North-South struggle appears to be looming between industrialized and developing countries. One of the main areas of contention is the UN. It is not the same institution as the one that was created in 1945, and the world's new order, everyone has his own idea of what it should be.

In his speech, Boutros Ghali said that the UN is "a flawed but not a failed organization." He called for reform of the UN, but he did not say what reforms he had in mind. He said that the UN is "a flawed but not a failed organization." He called for reform of the UN, but he did not say what reforms he had in mind.

But Boutros Ghali has tried to overhaul the UN, but his efforts are still in the early stages. He has been criticized for being too cautious and for not doing enough to reform the organization. He has been accused of being too close to the "old boys" network and of not being bold enough to take on the powerful nations.

He added: "Even if you get a real reformer at the top — and I think Boutros Ghali is sincere in wanting to reform — I think there's too much vested interest in the UN to let him have his way."

In an interview last month with the London-based Arabic daily *Asharq al-Awsat*, Mr. Boutros Ghali said high-level staff cuts and other reform efforts had brought him under constant attack from "power centers within the UN."

"I am in the process of restructuring the Secretariat," he said, referring to the UN offices, councils and commissions housed at headquarters in New York. He added, "This does not mean that I will succeed."

Clinging to a need to "restore discipline" and rein in the organization, he gave this example: "An undersecretary flies and travels on what grounds? He wants to go on a promenade. So he pretends that he is going on an inspection mission. I gave instructions that no one can travel without my permission."

Mr. Boutros Ghali said he was told "that if I succeed in abolishing two posts it will be an enormous achievement."

"I abolished 15 posts," he said, "and I will continue to do so."

In a speech to UN employees this month, he said his references to staff reductions applied "only to top-echelon posts." He sought to reassure staff members that they would not lose their jobs and that he would soon try to improve "conditions of service," including salaries and long-term recruitment.

According to budget figures, a net total of 12 top-level positions at New York headquarters have been eliminated so far, leaving the Secretariat with 36 undersecretaries-general and assistant secretaries-general.

Mr. Boutros Ghali also has merged several departments and revamped the unwieldy UN chain of command, cutting the number of officials reporting directly to the secretary-general

from at least 38 under his predecessor to fewer than 10.

But controversial new high-paying consultancies or stipends for several removed officials have angered part of the savings and stirred debate about an "old-boy network" inimical to UN reform, internal critics say.

Especially controversial, apart from these arrangements, has been the appointment in March of Joseph Verner Reed, President George Bush's former protocol chief, to a specially created senior UN position as a new undersecretary-general and "special representative for public affairs."

Among Mr. Reed's main duties are raising funds and organizing celebrations to commemorate the 50th anniversary of the United Nations in 1995. The appointment is widely seen as the result of "pressure from the White House," as one former top UN official put it, to give the president's friend a job.

"It looks bad for the United States, after pushing for a reduction of posts, that they created a high-level post to accommodate this guy," a U.S. official said. "It's a nonjob that was created for a high-ranking American and has been an embarrassment."

Another subject of controversy has been what UN sources describe as a series of special financial arrangements for Virendra Dayal of India, a former undersecretary-general and chief of staff of Mr. Boutros Ghali's predecessor, Javier Pérez de Cuéllar. Mr. Dayal's post was eliminated in the shake-up earlier this year — about 18 months short of his retirement age. Rather than assign the career UN official to another, possibly lower-ranking position, the United Nations reached an "agreed termination" that, combined with pension payments, allowed him to cash out with a total package close to \$500,000, according to UN insiders.

Then Mr. Dayal received a fee of about \$50,000 for assembling a report titled "An Agenda for Peace," a series of proposals on strengthening UN peacekeeping capabilities. UN sources said. Now, they said, he has a consultancy lasting into 1993 that pays him at undersecretary-general level to work on special projects. A Sept. 14 UN press release said Mr. Boutros Ghali has designated Mr. Dayal as a special envoy to South Africa, but it made no mention of payment.

A 1982 General Assembly resolution prohibits its contract or consultancy payments of more than \$12,000 in any calendar year to former staff members receiving UN pension benefits. "It's the old-boy network," a UN official said. "People get bounced out of one job and appear back in something else."

The UN rules on consultancy payments are "violated all over the place," one official said. The latest cases, he said, are "the tip of the iceberg."

"If they're going to reform this place, they shouldn't just go after these hungry Third Worlders," another UN official said. "They should also go to the top."

An official involved in the streamlining effort said: "Unfortunately, we've got a bad situation around here. There are some cases of employees who haven't done a stitch of work in years."

But they are hard to get rid of, he said, "because they have permanent contracts and none of their failings has been documented by management."

"The status quo here is something that people truly want to protect," he said. "When you want to take away a position, it's like taking away a first-born child."



Chuan Leekpai acknowledging cheers on Wednesday after ceremonies confirming him as Thailand's 20th prime minister.

## Chuan Vows to Restore Confidence as Thai Prime Minister

**By Philip Shenon**  
*New York Times Service*

**BANGKOK** — A politician who has opposed military interference in politics was named prime minister Wednesday after assembling a coalition government that includes one of the nation's pro-military parties.

The new prime minister, Chuan Leekpai, is considered honest and self-sacrificing and, as the first Thai leader in modern times without links to the military or to the aristocracy, has a career that is admired for its up-by-the-bootstraps quality.

Still, there is concern among Thai politicians, especially those who lead the nation's newly resurgent democracy movement, over whether Prime Minister Chuan will have the stomach to confront the military — and the many patronage politicians who are still closely linked to it.

Mr. Chuan, 54, is described by other politicians as cautious and conciliatory to the point of timidity.

"This man has made no enemies in his career and, while that's admirable, I think you need someone for that job who is willing to make enemies," said a politician who is part of the Chuan coalition. "We don't know if he is capable of real decision-making."

Mr. Chuan accepted the post in a ceremony at the Bangkok headquarters of his Democrat Party, in which he knelt before a photograph of Thailand's constitutional monarch, King Bhumibol Adulyadej, and bowed deeply three times. The king had issued a proclamation naming Mr. Chuan prime minister on the basis of the results of a Sept. 13 election.

"I understand the task ahead of me is huge," Mr. Chuan told his supporters after the ceremony, saying his first priority in office was to restore confidence in Thailand that was badly shaken during last May's street violence in Bangkok.

During four nights of clashes that began May 17, Thai soldiers gunned down scores of democracy demonstrators who had gathered in Bangkok to protest the appointment of a non-elected prime minister, General Suchinda Kraprayoon. At least 50 people were killed. The public uproar over the massacre brought down the Suchinda government and led to new elections this month.

## Russia Suggests Estonia and Latvia Be UN Trusts

**By Thomas L. Friedman**  
*New York Times Service*

**UNITED NATIONS, New York** — The Russian foreign minister, Andrei V. Kozyrev, has appealed to the United Nations to consider setting up international trusteeships to oversee the move to independence by former Soviet non-Slavic republics to prevent them from discriminating against minorities.

"Previously, victims of totalitarian regimes and ideologies needed protection," Mr. Kozyrev told the General Assembly. "Today, even more often one needs to counter aggressive nationalism that emerges as a new global threat."

"We are particularly concerned," Mr. Kozyrev said, "with the growing discriminatory practices against Russians, Ukrainians, Byelorussians, Jews and other nonindigenous nationalities in certain new states that emerged on the territory of the former U.S.S.R., specifically in Estonia and Latvia."

Last Sunday, Estonia held its first free election since 1940, but 42 percent of the population were not allowed to vote because they were disqualified for citizenship under the new Estonian election law. That 42 percent is made up mainly of Russians, Ukrainians and Byelorussians who settled in Estonia during the Soviet occupation and want to remain there.

Under the Estonian law, only those who were citizens of Estonia in 1940, or their direct descendants, are entitled to citizenship and the vote.

The Estonians, who maintain that they have to reassert their national character, say that Russians can gain Estonian citizenship by fulfilling residency requirements.

A similar situation is developing in neighboring Latvia. Russian officials say that unless something is done about the disenfranchisement of Russian and other minorities, it will inflame Russian nationalists and possibly provoke armed confrontations.

"A situation when 42 percent of the population of the Estonian Republic are excluded from the vote does not in any way fit in the framework of international law," Mr. Kozyrev said.

Mr. Kozyrev suggested that it would "be appropriate" to consider a "contemporary interpretation of the international trusteeship system, as set forth in the UN Charter."

# EAST EUROPEAN

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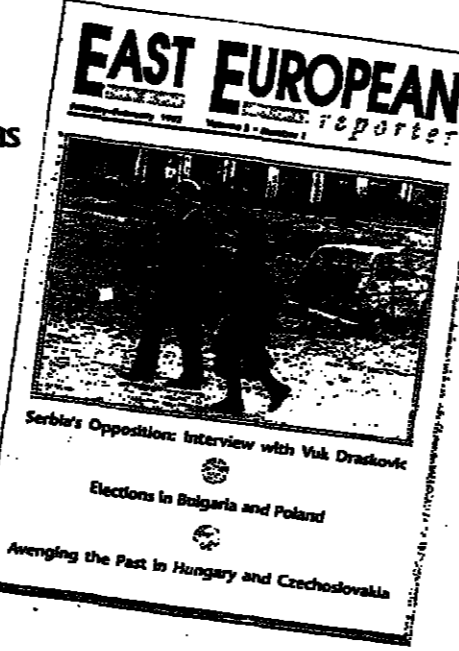
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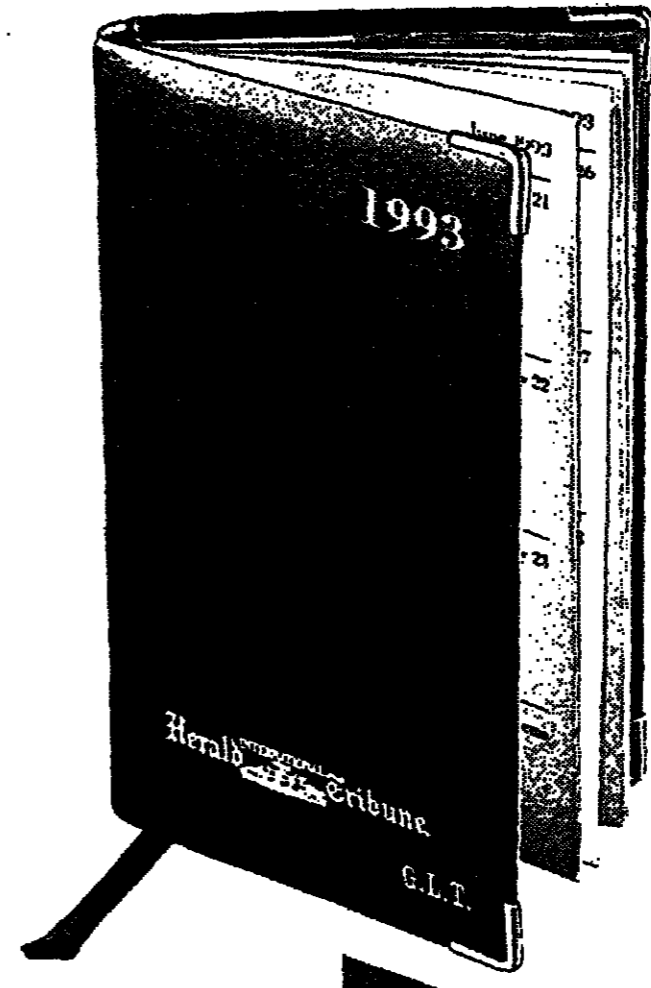
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# NYSE

Wednesday's Closing  
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	115.25	+0.25
MSFT	45.00	+0.25
ORCL	35.00	+0.25
INTL	15.00	+0.25
DISC	25.00	+0.25
WALT	15.00	+0.25
AMZN	15.00	+0.25
GOOG	15.00	+0.25
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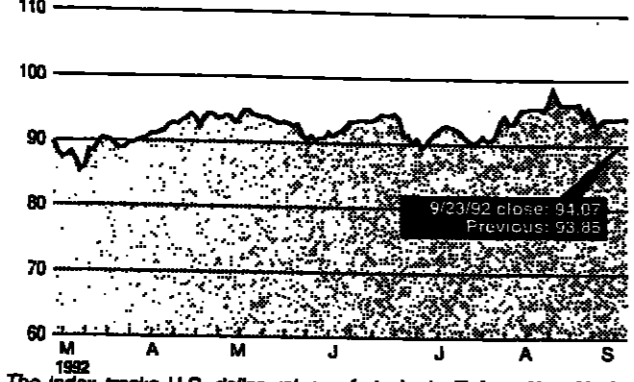
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(Continued on page 10)



THE TRIB INDEX: 94.07

International Herald Tribune World Stock Index of 230 International investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors like Energy, Utilities, Finance, and Services.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Spanish Controls Buoy Peseta

By Tom Redburn International Herald Tribune

Spain launched a preemptive strike against currency speculators by reintroducing emergency capital controls Wednesday in an effort to shore up the ailing peseta.

The ruling imposes a huge penalty on domestic banks that lend to foreign currency traders by requiring them to deposit an equal sum, interest-free, with the central bank.

The Spanish peseta, which was devalued within the European Monetary System's exchange-rate mechanism by 5 percent last week, jumped against the Deutsche mark in response to the announcement.

The mark was fixed Wednesday in Madrid at 68.02 pesetas, falling from a Tuesday fixing at 71.109 pesetas.

The Bank of Spain, however, softened the blow of its new rule considerably by later telling banks they could continue to lend without penalty to foreign bondholders who borrow pesetas to hedge against currency swings.

Despite the initial success in stabilizing the peseta, some analysts said the decision might still come back to haunt Spain.

The Spanish currency, along with the French franc and the Irish punt, has come under fresh pressure this week from speculators betting on further devaluations.

Under fresh pressure this week from speculators betting on further devaluations.

Unlike France, which raised a key intervention rate Wednesday to 13 percent from 10.5 percent, Spain appeared to be trying to resist similar action.

Spain lifted exchange controls in February, ahead of the final implementation of the EC's single market, but reserved the right to reintroduce temporary controls.

The turmoil in the financial markets comes at a time when Spain is awaiting a further round of austerity measures from the government, which is scheduled to release its proposed 1993 budget on Friday.

BAe Reports Loss, Delays Its Dividend

Compiled by Our Staff From Dispatches LONDON — British Aerospace PLC surprised investors Wednesday with a batch of bleak news that included a £129 million first-half loss, 3,000 layoffs and a delay in its dividend.

The British aerospace and auto company also said it would form a joint venture with Taiwan Aerospace Corp. worth \$150 million to develop and assemble a new jet.

BAe reported a pretax loss before one-time items of £129 million, reversing a profit of £86 million a year earlier. The company also said it will delay paying its reduced dividend when it announces full-year earnings next February, later than usual.

The deferred dividend is a blow, and now they've got to go to court to offer evidence that creditors' interests will be protected because the restructuring charge will dig into the BAe's reserves, Mr. Deighton said.

pretax profit of £5 million and a dividend of 5 pence per share. County NatWest Securities had also forecast a dividend of 5 pence. "The decision of BAe's distributable reserves throws into doubt the company's dividend-paying ability in the future," said County NatWest analyst Paul Ruddle.

Brady Proposes Study of Global Capital Flows

WASHINGTON — Treasury Secretary Nicholas F. Brady, all but admitting that central banks were being overwhelmed by currency speculators, on Wednesday called for a study of global capital flows by the Group of 10 industrialized nations.

"New ways of cooperating must be developed to fit the changed circumstances of the new world," he told the annual meeting of the International Monetary Fund and World Bank.

Mr. Brady said that foreign exchange markets were approaching daily transactions of \$1 trillion, overpowering the ability of governments to intervene to protect their currencies.

French Aims in Battle of the Franc

By Carl Gewirtz International Herald Tribune

PARIS — What is so important for France that it risks the disruption and ridicule of a defeat by the markets through its determination to hold the value of the franc stable against the Deutsche mark?

This reasoning, these analysts say, is the substance of the French government thinking, going beyond the explanations that there is no justification in terms of economic fundamentals for devaluing the franc.

In addition, France has always wanted a zone of monetary stability for both economic and political purposes.

France would obtain big economic benefits. "Stability, trust, solidity, and it would also derive political benefits from it," he added.

If the franc can slip into the role now enjoyed by the mark, it would be French interest rates that set the base level for rates in all other European markets.

INTERNATIONAL MANAGER

Stockholder Activist Lists Companies It Will Target

By Linda Grant Los Angeles Times Service

NEW YORK — The opening salvo in the 1993 campaign by stockholder activists was fired Tuesday when the United Shareholder Association released a list of 30 U.S. companies that it is targeting for nationwide pressure next year.

The Washington-based group of 65,000 institutional and individual investors said that the companies were unresponsive to shareholders on issues such as high executive pay, management-entrenchment programs and puppet directors.

Members of the association who are shareholders in companies on the target list will introduce proposals to be voted on at annual meetings and, in certain cases, will withhold votes for management-nominated directors.

The group's list includes companies whose chief executives have been criticized for excessive pay, such as Champion International and Time-Warner, as well as corporations whose performance has badly deteriorated, such as Citicorp and International Business Machines.

Other companies on the group's list include: American Cyanamid, Caterpillar, Cooper Industries, Crane, Crystal Brands, Deere, Edison Brothers, EG&G, Grumman, Hartmann, Household International, International Multifoods, International Paper, Morrison Knudsen, Northrop, Ogdin, Polaroid, Southdown, SNET, Timken, USAir, U.S. Shoe and Union Carbide.

The goal is to nudge target companies toward certain reforms: to ensure the independence of boards from management; to eliminate poison pills that make it difficult to remove entrenched management and golden-parachute plans that richly reward managers removed in takeovers; and to reform executive pay by linking it more closely to performance.

The United Shareholder Association said it was negotiating with 10 companies, which may or may not eventually be added to the list, depending on the outcome of talks. Matters have been resolved with three companies. On Monday the group announced that Occidental Petroleum and Reebok had been dropped as targets after they instituted requested reforms. CalFed was also taken off because a pending restructuring eliminates certain anti-merger regulations.

Fed Report Finds Slow U.S. Economic Growth

WASHINGTON — The Federal Reserve Board on Wednesday issued a modestly upbeat assessment of the U.S. economy, stating that economic activity was improving slowly in most of the nation, although long-troubled regions still were experiencing sluggish to nonexistent growth.

But in a separate report that pointed up the weak condition of the economy, Dun & Bradstreet

Corp. said Wednesday that U.S. business failures surged 11.6 percent in July, to 8,580 from 7,688 in the like month last year.

The data did nothing to cheer the stock market after its 39.98-point fall on Tuesday, and investors also were pressured by concerns about the dollar in light of high short-term interest rates in Europe.

In its so-called Tan Book report on current U.S. economic conditions, the Fed found weakening only in the areas covered by its San Francisco and Chicago district banks.

"The remaining districts generally reported a continuation of slowly expanding activity," it said. See ECONOMY, Page 12

Investors Stay Cool to Russia's Far East

By Steven Brill International Herald Tribune

VLADIVOSTOK, Russia — Residents of this port city still remember when Mikhail S. Gorbachev visited six years ago and declared the Russian Far East would become part of the economic dynamo of the Asian-Pacific region.

Although Mr. Gorbachev has gone and the Soviet Union over which he presided no longer exists,

few Russians here appear to recognize the potential benefits Asian capital, technology and management could bring.

Although academics, consultants and multilateral aid officials get excited at the prospect of a Japan Sea Economic Region — a kind of north Asian Hong Kong where Japanese capital and markets would combine with Russian natural resources and labor from China and North Korea — the idea seems to be a classic example of the gap in Russia between the theoretical and the practical.

Theoretically, for example, Vladivostok is an hour's flight from rich consumers and corporations in Japan and South Korea; in practice, there are no direct flights.

against Tokyo's hard-line stance in its dispute with Moscow over four tiny fog-shrouded islands north of Hokkaido, which the Soviet Union seized in the closing days of World War II.

See EAST, Page 13

CURRENCY & INTEREST RATES

Table with columns for Cross Rates and Forward Rates, listing various currencies and their exchange rates.

Eurocurrency Deposits

Table with columns for Dollar, D-Mark, Swiss, Sterling, French, and ECU, listing interest rates for various deposit terms.

Key Money Rates

Table with columns for United States, Europe, and Japan, listing various interest rates.

Advertisement for CORUM watches, featuring the text 'THE FIRST INDEPENDENT RUSSIAN STATES LICENSED AIR CHARTER CO. CHARTER • SALES • MANAGEMENT ALG AEROLEASING' and 'The five-star international in the heart of Frankfurt'.

MARKET DIARY

ECONOMY: Slow U.S. Growth

(Continued from first finance page) The troubled Southwest and New England regions still suffer from sluggish economies, however, the Dallas district reports sluggish conditions in most of its major markets, and Boston reports that two-thirds

of its retail contacts experienced sales declines in the summer from year-earlier levels, the Fed said. It is the Fed's last summary of regional economies before the November presidential election.

N.Y. Stocks

Although the report included cautions — such as "the pace of recovery has been uneven across many regions and sectors" — it nevertheless was slightly more positive than in the last report, which was released on Aug. 5.

There's a great deal of confusion out there about what's going to happen in Europe, and it's definitely weighing on the U.S. stock market," said Thomas Callahan, senior vice president of U.S. equities at Yamaichi International (America). Declining issues outnumbered advances about 4-3 on the New York Stock Exchange, where volume rose to 204.35 million shares from 186.99 million traded on Tuesday.

General Motors followed, dropping 1 to 32 on weakness after its stock slumped Tuesday when Wertheim Schroder lowered its 1992 earnings estimates for General Motors and Ford Motor and lowered its rating on Chrysler. Ford Motor regained 1/4 to 40 1/2, while Chrysler fell 1 to 22 1/2.

Earnings concerns also added pressure. John Blair, head of trading at County NatWest Securities, said, "People are starting to focus on third-quarter earnings and questioning whether the results will meet expectations."

FRANC: Devaluation Still Feared

(Continued from page 1) Ability would be long-term very difficult," he said. In other currency trading, the dollar slid to a record low against the yen at 119.56 yen per dollar after the U.S. Treasury undersecretary

nior customer trader in New York. Japanese investors have been repatriating their money into the yen during recent weeks both to avoid the currency turmoil in Europe and to settle accounts ahead of the end of the Japanese year on Sept. 30, analysts said.

Foreign Exchange

David Mulford, said the U.S. government was unconcerned by the yen's recent appreciation, traders said. The dollar's previous record low was at 120.25 yen.

The dollar has been boosted early in the day as investors continued to steer clear of the European currency but it lost ground when it became clear that there would be no German rate shifts, at least in the course of the day.

Traders said reports of heavy dollar sales from a Far East central bank also exaggerated the dollar's slide. Traders said Mr. Mulford's comments showed there was no agreement between the U.S. and Japan to limit the yen's advance, despite demands by Japanese finance minister Tsutomu Hata on Tuesday that the yen's rise ease "a bit, too fast."

The dollar was quoted at 5.0980 French francs, down from 5.1075 francs, and at 1.3055 Swiss francs, little changed from 1.3050 francs. The pound stood at \$1.7160, up from \$1.6950 on Tuesday.

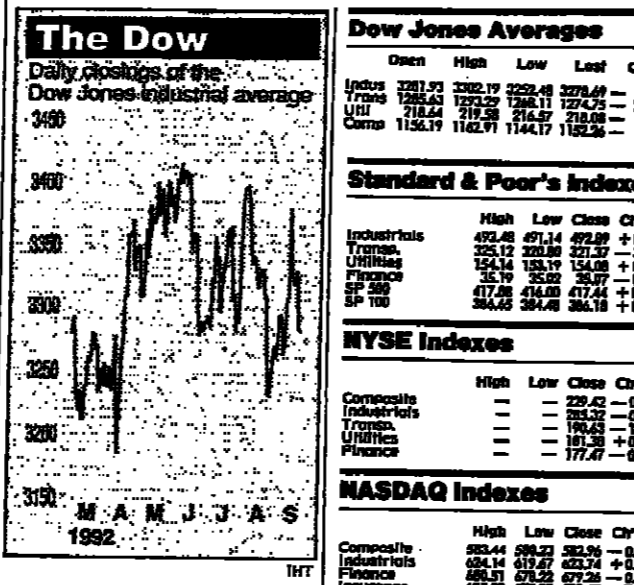


Table titled 'Dow Jones Averages' showing various market indices including Industrials, Transportation, Finance, and Commodities with their respective high, low, and close values.

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Table titled 'NYSE Most Active' listing the most actively traded stocks on the New York Stock Exchange, including General Motors, Ford Motor, and Chrysler.

Table titled 'AMEX Most Active' listing the most actively traded stocks on the American Stock Exchange.

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Aetna Goes Retail With Mutual Funds HARTFORD, Connecticut (Combined Dispatches) — Aetna Life & Casualty announced Wednesday that it is offering private investors five mutual funds without sales charges.

MetLife Revamps Executive Staff NEW YORK (Bloomberg) — Metropolitan Life Insurance Co., America's No. 2 life insurer, said it would replace its chief executive and chief financial officer in a sweeping management shakeup.

Allied-Signal Is Selling Texas Stake MORRISTOWN, New Jersey (UPI) — Allied-Signal Inc., the aerospace and automotive products company, said Wednesday it would sell its 39 percent stake in Union Texas Petroleum Holdings Inc. in a secondary public offering to reduce its debt.

Wang Will Resell Latest IBM Unit NEW YORK (Bloomberg) — Bolstering its year-old alliance with International Business Machines Corp., Wang Laboratories Inc. said Wednesday it would resell the latest IBM RISC Systems/6000 workstations and servers IBM introduced on Tuesday.

GM Investment Holds Stake in Rouse WASHINGTON (Bloomberg) — General Motors Investment Management Corp., a subsidiary of General Motors Corp., holds a 5.4 percent stake worth about \$35.1 million in the Rouse Co. of Columbia, Maryland, a commercial real estate developer.

For the Record Bradlees Inc. said Wednesday that it had agreed to acquire six stores from the retailer Alexander's Inc., which closed its 11 department stores when it filed for Chapter 11 protection from creditors in May.

AT&T Puts a Division Abroad

Compiled by Our Staff From Dispatches PARSIPPANY, New Jersey — American Telephone & Telegraph Co. said Wednesday that it would transfer the headquarters of its worldwide conventional telephone operations to France from the United States as it expands in Europe.

AT&T said it is the first time it has moved the headquarters of one of its operations outside the United States, but it recently has made known its intention of expanding its activities in Europe, particularly in France.

AT&T does not sell conventional telephones in France, although they are available in the Netherlands, Germany and Italy. The conventional telephone unit sells products that include phones with memory, phone speakers, phone clocks and phones with big buttons.

U.S. FUTURES

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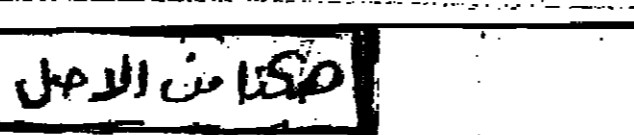
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Table titled 'U.S. FUTURES' showing various futures contracts including Grains, Metals, and Livestock with their respective open, high, low, and close values.

For investment information read THE MONEY REPORT every Saturday in the IHT

Market Guide: Chicago Board of Trade, New York Futures Exchange, etc.





# Arab Banking and Finance

## Rising Revenues and a Wave of Mergers

With the Middle East projected to have the world's highest growth rate this year — 15 percent, according to the International Monetary Fund — many of the region's banks and financial institutions are finding that the problem is not how to obtain deposits, but where to place their cash.

While liquidity is mounting in the Gulf, considerable difficulties lie ahead for institutions with low capital-to-assets ratios. As a result, a wave of mergers can be expected within the next year.

The flow of funds into the banking system has been particularly marked in Saudi Arabia and the United Arab Emirates, but other institutions in Qatar, Oman and Egypt have also benefited. In Saudi Arabia, overall customer deposits rose by more than 19 percent in 1991, according to figures produced by the Saudi Arabian Monetary Agency, the country's central bank.

While some of this increase represented a return of funds taken out to safer havens during the Gulf crisis, bankers in the kingdom report that money is also flowing into the country as a result of growing confidence in the local economy. Concerns about the recession and declining property and equity markets overseas have also contributed to the situation.

In addition, sharp increases in both the volume and prices of shares traded on the Riyadh stock exchange have helped to attract short-term cash. By early September, the official stock-market index stood at 217 points, compared with only 109 points at the beginning of 1990. Market capitalization has

also risen dramatically: by 68 percent in 1991 and by 39 percent in the first five months of this year.

Arab National Bank, the joint venture involving the Amman-based Arab Bank, reported a rise of 44.5 percent in its customer deposits in 1991, to 15.62 billion Saudi riyals (\$4.2 billion). Meanwhile, customer deposits at the Al Rajhi Banking and In-

vestment Corporation, which operates according to Islamic principles, were up 30.5 percent, to 16.31 billion Saudi riyals. In the case of Saudi American Bank (Samba) — 30 percent owned by Citibank of the United States — and Al Bank Al Saudi Al Fransi, 40 percent owned by Banque Indosuez, the inflows were also impressive: Samba saw a rise of 23.8 percent, to 28.32 billion Saudi riyals, while Al Fransi posted an increase of 14.8 percent, to 16.81 billion Saudi riyals.

With assets for most Saudi banks also up impressively, and with institutions such as ANB and Samba earning more fees from their new mutual funds and share trading, revenues and profits have also risen remarkably.

million), while those at Emirates Bank International reached 8.38 billion dirhams, a rise of 36.9 percent. The National Bank of Abu Dhabi, one of the largest in the country, reported deposits at the end of last year of 20.06 billion dirhams, up 16.8 percent. Citibank UAE saw its profits rise from only 1.9 million dirhams in 1990 to 17.3 million dirhams in 1991, partly because of a 36 percent rise in deposits and a 50 percent growth in its consumer-banking business, according to bank officials.

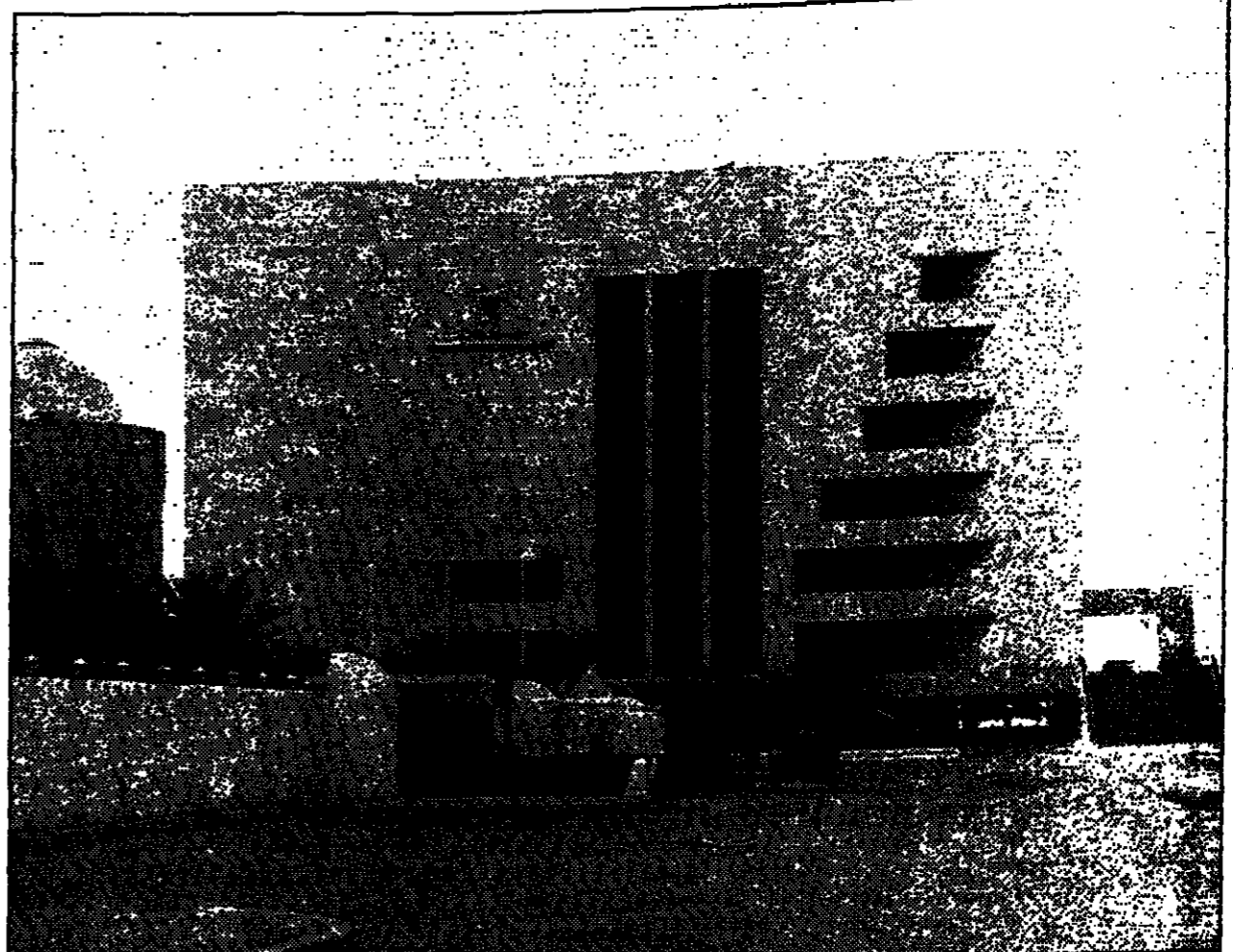
Elsewhere in the region, Qatar National Bank announced that customer deposits rose 15.4 percent, to 9.86 billion Qatar riyals (\$2.71 billion), fueling an increase in net profits in 1991 to 270 million Qatar

riyals, up 24.4 percent. The Commercial Bank of Qatar in turn witnessed a 30.7 percent rise in customer deposits, to 1.21 billion Qatar riyals, with profits increasing 30.7 percent over the year, to 21.7 million Qatar riyals. The Bank of Muscat in Oman announced a sharp increase in 1991 profits, to 1 million Oman riyals (\$2.7 million), almost seven times higher than those of 1990; customer deposits rose 30 percent, to 124.2 million Oman riyals.

In Bahrain, the Gulf International Bank has also announced a recovery in its earnings following a loss in 1990 due to the Gulf crisis. Net profits in 1991 reached \$46.5 million, while total assets amounted to \$5.86 billion. GIB is now owned by the Gulf Investment Corporation, the Kuwait-based organization whose shareholders include Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

Arab Banking Corporation, also based in Bahrain but active in other important global money centers, staged an impressive turnaround, reporting net profits in 1991 of \$45 million. This compares with a loss of \$97 million in 1990 as a result of the Iraqi invasion of Kuwait. Assets last year stood at \$20.45 billion.

ABC, which has increasingly drawn the at-



Bahrain Monetary Authority: Regional regulatory bodies keep close watch over banks and financial institutions.

tention of international investors, was the first bank in the Arab world to launch a public share offering with a flotation in both Bahrain and Paris. The issue, which took place in 1990, raised its paid-up capital to \$1 billion. ABC's board recommended a pay-out of \$25 million to its shareholders after announcing the 1991 results.

Meanwhile, the repatriation of savings by Egyptians working abroad during and after the Gulf crisis, together with a broad package of economic and financial reforms, has also fueled a sharp rise in liquidity in Egypt's banking system. Customer deposits at the Egyptian American Bank, a joint venture of the Bank of Alexandria and American Express Bank of the United States, rose 22.2 percent in 1991, to 2.23 billion Egyptian pounds (\$677 million). Customer deposits at Misr International Bank, whose foreign partners include the First Na-

tional Bank of Chicago, were up 41.3 percent, to \$17.7 million Egyptian pounds.

The liberalization of interest rates last year, a major factor in the return of funds, also helped Commercial International Bank increase its net profits in 1991 by 25 percent, to 75 million Egyptian pounds, despite limited lending opportunities in the country. Deposits rose 29.8 percent, to 2.94 billion Egyptian pounds. CIB — whose majority shareholder is the state-owned National Bank of Egypt, the largest commercial bank in the country — approved an offer from the Washington-based International Finance Corporation in August to buy a 10 percent stake as part of a planned capital increase, according to reports in London. The improved access to funds, together with the government's program of privatizing industrial concerns, should also help another of the country's best performing

institutions, the Export Development Bank of Egypt, which has played a major role in tourism and in attracting foreign investment.

In contrast, Arab International Bank managed to weather the wave of withdrawals that followed the imposition of U.S. sanctions on Libya thanks to its considerable reserves; the latter amounted to \$87 million at the end of 1991. AIB's shareholders include several Gulf governments and Egypt, as well as Libya, and it is not included in the sanctions order.

Despite the inflow of funds, however, the coming year could see a wave of bank mergers as the region's central banks start to implement the new capital-adequacy ratios set by the Basel-based Bank for International Settlements and to implement much-needed reforms aimed at tightening up supervision. Adnan al-Hindi, the secretary-general of the Beirut-based Union of Arab

Banks, warned at the end of August that a failure to respond to his organization's calls for such mergers could leave many Arab banks too weak to face growing international competition. Several Arab institutions based abroad could also be forced out of business, he added, unless they took steps to increase their capital in line with the BIS rulings.

Officials in both the UAE and Kuwait, where the problem of overbanking is particularly acute, recently initiated moves to improve regulation and to create a climate favorable for consolidation of the financial sector. In the UAE, a new board of directors for the central bank was named earlier this year; the board is headed by a new governor, Sultan Nasir al-Suwaidi, the highly respected former managing director of Abu Dhabi Commercial Bank and of the Bahrain-based Gulf International Bank.

In Kuwait, the passage of a huge debt-settlement program in March providing compensation for investors who suffered from the war and from the collapse of the stock exchange has paved the way for a complete restructuring of the financial sector. Under the terms of the program, the government is to purchase the entire loan portfolio of the sheikhdom's 11 commercial and investment banks after allowances for their provisions. Banks are to receive long-term government bonds in return; as a result, they can now publish their long-awaited balance sheets, a necessary condition for the consolidation of the sector.

"We have to clean up our institutions in Kuwait," the governor of the central bank, Sheikh Salem al-Sabah, said at the time. "I am sure that we are overbanked here, even with investment companies." His organization, he added, was "looking at the geographical distribution of our banks both from a domestic and foreign point of view. We have to ensure that they can meet [international] capital-adequacy ratios."

Pamela Ann Smith

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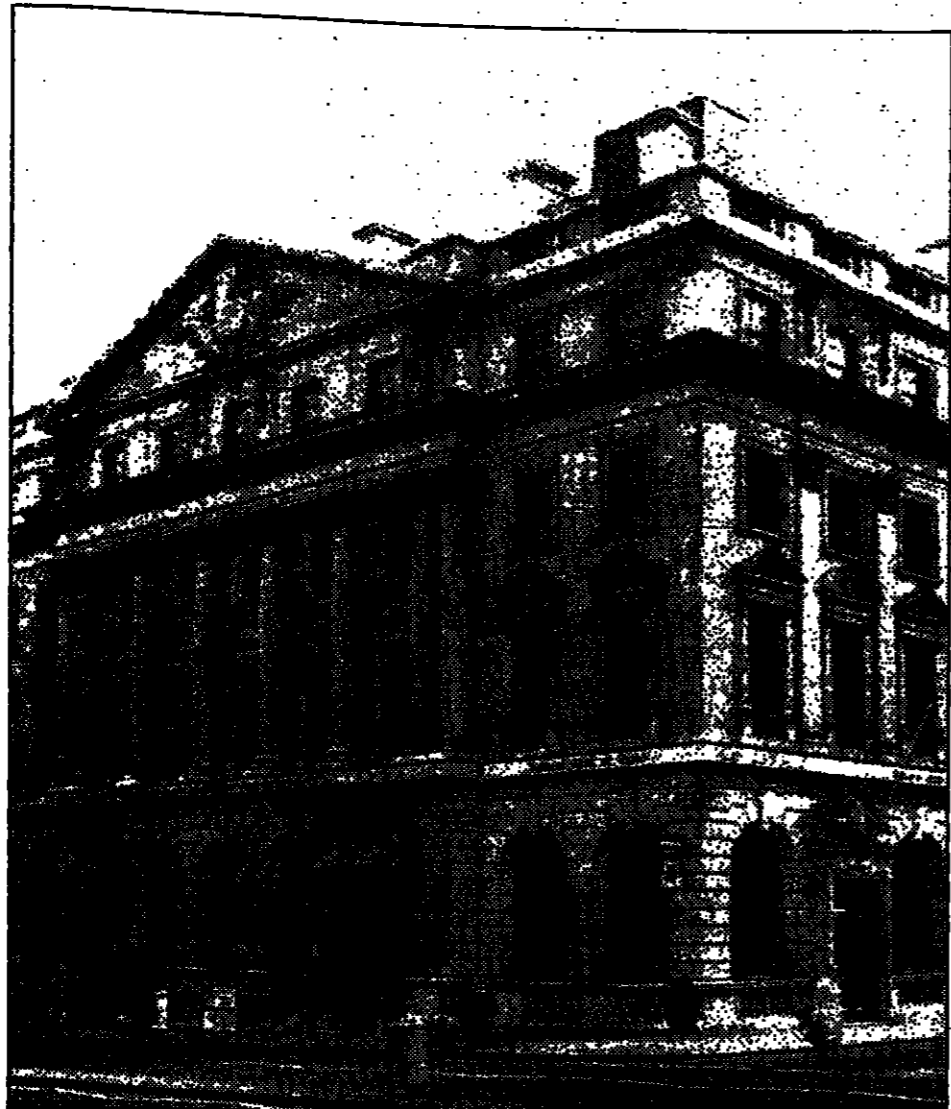
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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Pamela Ann Smith, based in London, writes often about Middle East topics. Olfat El-Tohamy is a journalist, business consultant and lecturer in business communications based in Cairo.



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### Banking on Quality: A Financial Cleanup

Mahmoud Abdel-Aziz, chairman of the National Bank of Egypt and president of the Union of Arab Banks, discussed the challenges facing the Arab banking industry in an interview with Olfat El-Tohamy.

What are the main challenges that Arab banks must face now and in the foreseeable future? Are they prepared to face them?

The main challenge Arab banks are facing now is to operate according to international standards, so that they may become recognized as international banks based on adequacy, quality and performance. Starting from 1993, no Arab bank in the world will be operating unless it meets capital-adequacy requirements. Fortunately, Arab states are rich in capital. We are highly capitalized, but high capitalization resulting from the richness of the owner or the institution is not the issue. The issue is not replenishing capital to meet adequacy requirements; it is quality that matters. Raising capital to the level of inadequate or high-risk assets might satisfy foreign banks or the outside world, but cleaning the house is a different matter. It is essential that a level be set for high-risk assets in every bank, even if its

adequacy ratio is high. Banks should pay attention to setting standards for themselves out of concern about their standards of performance and their capital.

Raising capital is the easy way out, and one that might satisfy European and American regulatory authorities, but it should not be considered satisfactory by the owners of this capital or the authorities monitoring performance locally in each Arab country.

Arab banks are aware of their role and the importance of facing up to these challenges, but the environment in which these banks operate definitely has to improve in a fundamental way following the Gulf shock—nobody can deny that. Some states have begun to establish legislative bodies, and the social structure is changing. The political systems embracing the banking systems in Arab countries have begun to realize that they have to face challenges and that the legal basis for healthy economic activities should ensure fairness and be based on technical considerations to ensure continuity and a healthy performance for banks.

How much of the performance of Arab banks is due to local and regional economic conditions, how much to the state of development of the banking industry, and how much to the role of regulatory bodies in monitoring and setting standards for performance?

The three reasons exist in varying proportions, and it is hard to generalize, given each country's different conditions. There are three categories of countries in the area. One group has no economic problems and a developed industry, but the monetary authority in it is weak,

which reflects on banks. Then there are the former Socialist countries, including Egypt, where the monetary authority is strong, but the industry that was developed fell behind because of social and political measures that have restricted the banks' development. The third group is that of underdeveloped countries, where there is little economic activity, so how can you expect the banking industry to be developed? And how would a developed monetary authority be established in such countries?

Arab banks operating overseas as well as those operating in the Arab world are facing tougher competition from foreign banks as new international standards for banking practices are set and enforced and the banking and finance sectors in various Arab countries are opening up and becoming liberalized. What is your assessment of how Arab banks are coping with these developments? Can they adjust to the new conditions, and at what cost?

There is no doubt that competition within the new international system is tough and fierce. But the issue is the inconsistent positions that some countries adopt toward the Arab entities operating in them.

Our presence in the United States, for instance, does not give us the privilege to ruin banking operations there. We have to respect the monetary authority there and respond to its demands. But if we are rectifying conditions that have resulted from laxity, then they have to give us a chance and monitor progress within this offshore unit or Arab entity incorporated overseas.

Those trying seriously to rectify their conditions, whether they are small or

poor, should receive support and be allowed to overcome their difficulties. Those that cannot adjust should quit.

The cost does not matter if the expenses are justifiable without exaggeration or injustice. The cost of becoming healthy is what banks should bear locally and overseas, measuring the benefit against the cost.

This is what we advocate among Arab banks, so that they respond to the requirements of survival and well-being.

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### New Investment Products and Services

Arab banks and financial institutions are coming up with a series of new products to cater to the needs of investors, a move that is also promising a wide range of new fee-earning services that will add to the banks' profits this year.

Arab investors, concerned about economic recession internationally and increasingly optimistic about their own economies, are looking for new investment outlets closer to home.

One of the most attractive areas for investors is the series of local invest-

#### Islamic funds growing rapidly

ment and unit trusts (mutual funds) recently introduced by banks in Saudi Arabia, where the repatriation of funds since the Gulf crisis has produced an extremely high degree of liquidity. First off the mark was the Arab National Bank, a joint venture involving Saudi shareholders and the Amman-based Arab Bank. ANB launched three funds this spring: a murabaha fund specializing in instruments based on Islamic principles, a local investment fund and an international investment fund.

Reflecting ANB's conservative, low-risk approach, the latter two will have one-third of funds in shares, one-third in bonds and another third in cash or near-cash investments. All are open-ended.

According to Elie El Hadj, the bank's managing director in Riyadh, by early September the murabaha instrument had taken in 260 million Saudi riyals (\$69 million); the local fund, 160 million Saudi riyals; and the international fund, \$10 million. In dollar terms, this represented a total of \$122 mil-

lion. ANB was also the first Saudi bank to join ESIS, the screen-based electronic share-trading system currently being promoted by the Saudi Arabian Monetary Agency, the kingdom's central bank. Mr. El Hadj attributes part of the success of the funds to this initiative and adds that the bank is now planning to extend its share-trading services to local branches.

Saudi American Bank (Samba), 30-percent owned by Citibank of the United States, has also launched a series of investment funds based in U.S. dollars and in Saudi riyals. Clients have a choice of 10 open-ended packages with a minimum investment of \$7,000. Subscription fees range from zero to 1 percent, depending on the fund and on the amount invested. Management fees are charged at a rate of 1 percent to one-fifth of net profit, depending on the particular fund.

In addition, Samba has also issued a prospectus for its Petrosamba Fund, which concentrates on investments in the oil and energy sectors. Minimum investment in the U.S.-dollar-based fund is \$50,000, and redemption is allowed at the end of every quarter on any sums accrued beyond the minimum. The subscription fee is 1 percent, with the fund aiming at a high return based on a spread of low-risk investments in U.S.-based money-market instruments with "relatively speculative investments" in spot, futures and op-

tions contracts, according to Samba officials.

With an estimated quarter of all customer deposits in Saudi banks earning no interest because the account holders refuse to accept it for religious reasons, and with millions of riyals, dirhams and dinars circulating outside the banking system in the Gulf states and elsewhere because of a reluctance to deal with interest-based institutions, funds based on Islamic principles are also expanding rapidly. Al Rajhi Banking and Investment Company, one of Saudi Arabia's largest institutions, introduced its Al Rajhi Currency Fund and Al Rajhi Maritime Leasing Fund at the end of last year to complement its Commodity Mudharaba Fund. According to the bank, the commodity fund's balance at the end of 1991 had risen fivefold over the year.

The Al-Baraka Investment and Development Company of Jeddah is also planning large increases in the capital of two of its Bahrain-based offshore investment firms to create one of the region's largest facilities for Islamic investors. The capital for the Al-Tawfiq Company for Investment Funds is to be raised from \$20 million to \$200 million, giving it the ability to launch funds of up to \$2 billion, according to Al-Baraka officials; the capital of the Al Amin Securities Company is to rise to \$160 million, enabling it to launch funds of up to \$1.6 billion.

The Jeddah-based company's London subsidiary,

the Al Baraka Investment Company, is also drawing up plans to launch a U.S.-dollar-based fund to invest in the U.S. property market, says Managing Director and Chief Executive Dr. Yousef A. Al-Awadi. "This is an ideal time," he says. "You can do a lot of cherry picking." Yields, he notes, are ranging between 8 percent and 9 percent, compared with the inter-bank market rate of only 4 percent, at a time when the dollar is inexpensive and property prices are low. Properties in the residential and commercial sectors, as well as development sites with infrastructure, will be considered, Mr. Al-Awadi adds.

The introduction of these new products for Arab investors is part of a series of changes that are transforming capital markets throughout the region. Hikmat Nashashibi, senior advisor to the Bahrain-based Arab Banking Corporation, expects further moves in the 1990s that "will lead closely held companies to raise capital from beyond their traditional family owners." To facilitate this, he has called for a relaxation of restrictions on foreign share ownership and for the creation of more "global linkages" between emerging markets in the region and the developed ones in the main industrial countries. "A large, liquid stock market," he says, "gives owners a chance to realize capital gains and new investors a chance to share in future growth and profitability." P.A.S.

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**AMEX**  
Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Table of stock prices for AMEX, including columns for High, Low, Open, Close, and Change. Lists various stock symbols and their corresponding prices.

Table of stock prices for NYSE, including columns for High, Low, Open, Close, and Change. Lists various stock symbols and their corresponding prices.

Table of stock prices for NYSE, continuing from the previous table. Lists various stock symbols and their corresponding prices.

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**NYSE**

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

(Continued)



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A large section of the financial page containing numerous small tables and lists of stock prices, organized by market type and listing date. Includes sections for 'NEW HIGHS', 'NEW LOWS', and specific stock listings.

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ASIA/PACIFIC

Patten and Beijing Escalate Quarrel

By Laurence Zuckerman

International Herald Tribune

HONG KONG — The long-running dispute over Hong Kong's proposed multi-billion airport...

The colony's pro-China press lashed out at Mr. Patten for remarks he made Tuesday in which he expressed irritation at Beijing's criticisms...

Dismissing Chinese fears that the airport may impoverish the administration that will rule the colony after it is returned to the mainland in 1997...

The newspaper Ta Kung Pao, considered one of Beijing's two mouthpieces in the colony, called Mr. Patten's remarks "unreasonable, abominable, and childish."

The new financial plan, which was presented to the Chinese last week, would inject more equity into the airport in order to address Chinese concerns about the project's future debt load.

But the pro-China press and Chinese officials speaking anonymously have heavily criticized the plan because instead of tapping Hong Kong's ample fiscal reserves it would raise funds from the proceeds of land sales that would otherwise go to the post-1997 government.

Mr. Patten's tough talk may be an indication that he and the British government are preparing to give Beijing an ultimatum. Mr. Patten has stressed many times that a new airport for Hong Kong is more in Beijing's interest than London's.

Mr. Patten announced Wednesday that he was postponing his first visit to Beijing as governor by nine days. He had been scheduled to meet with Chinese leaders in Beijing on Oct. 12, only a few days after he is set to deliver a highly anticipated speech unveiling his program for the colony's political and economic development in the remaining years before 1997.

Rights Issue Falls Short At Westpac

Compiled by Our Staff From Dispatches

SYDNEY — Westpac Banking Corp. failed to persuade current stockholders to invest 1.2 billion Australian dollars (\$669.4 million) in a rights issue...

Westpac also said the McKinsey & Co. consultancy had been hired to help it out-forecast its financial difficulties.

CS First Boston Australia Equities Ltd., the underwriter, is committed to absorb the rights-issue shortfall. It said it would invite bids Thursday but did not reveal how many shares were unsold in the rights issue.

The three-for-10 rights issue had been priced at 3.00 dollars a share, which was the closing price Wednesday and Tuesday.

Investor's Asia table with columns for Exchange, Index, and various market data for Hong Kong, Shanghai, Singapore, Sydney, and Tokyo.

Very briefly:

- Cathay Pacific Airways, Hong Kong's unofficial flag carrier, said it was transferring some of its clerical work from Hong Kong to a new company it has established in the Chinese city of Guangzhou.
Build Co. of Troy, Michigan, agreed with Beijing FRP Auto Parts Corp. to train Chinese personnel for two years in production of auto components.
Daewoo Corp. of South Korea and Uzbekistan have signed contracts worth \$750 million in the automotive, electronics and light industry fields...

Jardine Strategic Disappoints

HONG KONG — Jardine Strategic Holdings said its net profit rose 7.9 percent to \$113.3 million, in the first half of 1992, disappointing many analysts whose forecasts had ranged from 8 percent to 15 percent. Jardine Strategic, which holds shares in publicly listed units of Jardine Matheson Holdings Ltd., said net assets per share based on market values of its investments rose 64.2 percent, to \$5.42 on June 30 from a year earlier. Among group units that have reported earnings: Dairy Farm International's grew about 10 percent, Hongkong Land's around 4 percent, Mandarin Oriental's by 10 percent and Jardine Matheson by 12 percent.

Lippo to Float Hong Kong Bank

Bloomberg Business News

HONG KONG — Lippo Ltd. will float its Hong Kong commercial bank subsidiary, Hong Kong Chinese Bank, through the sale of 200 million shares at 2 Hong Kong dollars (25 U.S. cents) each in a new holding company, banking analysts said Wednesday.

The shares, representing 40 percent of the enlarged issued capital of Hong Kong Chinese Bank Holdings, will be sold to Lippo shareholders and staff and through an initial public offering, said the analysts, who asked not to be identified.

The terms of the float will not be publicly announced until Sunday, according to a spokesman for Lippo Ltd., which is the Hong Kong financial services unit of Lippo Group of Indonesia.

Of the total, 20.8 percent will be offered to the public, 16 percent to Lippo shareholders and 3.2 percent to Lippo staff.

There will also be one 1994 warrant issued for every five shares, the analysts said.

Hong Kong Chinese Bank Holdings, whose sole current asset is the bank, is forecasting a net profit after transfers to inner reserves of not less than 63.5 million dollars for the fiscal year ending Dec. 31, up from 41.7 million dollars last year, the analysts said.

Investors can apply to buy the shares from Sept. 28 to Oct. 1. The shares are expected to start trading on Oct. 12, the analysts added.

Earlier this year, Lippo Ltd. sold new shares worth 118.5 million dollars to a Chinese government-owned company, China Resources (Holdings), one of China's biggest concerns in Hong Kong. Lippo said at the time that the funds would enhance its ability to make acquisitions and that it was discussing possible deals.

In February, Lippo gave up a bid to buy the Hong Kong unit of Bank of Credit & Commerce International.

Large table of International Funds with columns for Fund Name, Currency, and various performance metrics. Includes sub-sections for ADVERTISEMENT and OTHER FUNDS.

REACHING THE EUROPEAN LEADERSHIP. Most reliable source of international news. Includes a bar chart comparing International Herald Tribune (27%) with other news sources like Financial Times (18%), Wall Street Journal/Europe (5%), USA Today, The Economist (16%), Time (15%), Newsweek (8%), Business Week (10%), Fortune (10%), National Geographic (3%), Scientific American (10%), and International Management (1%).

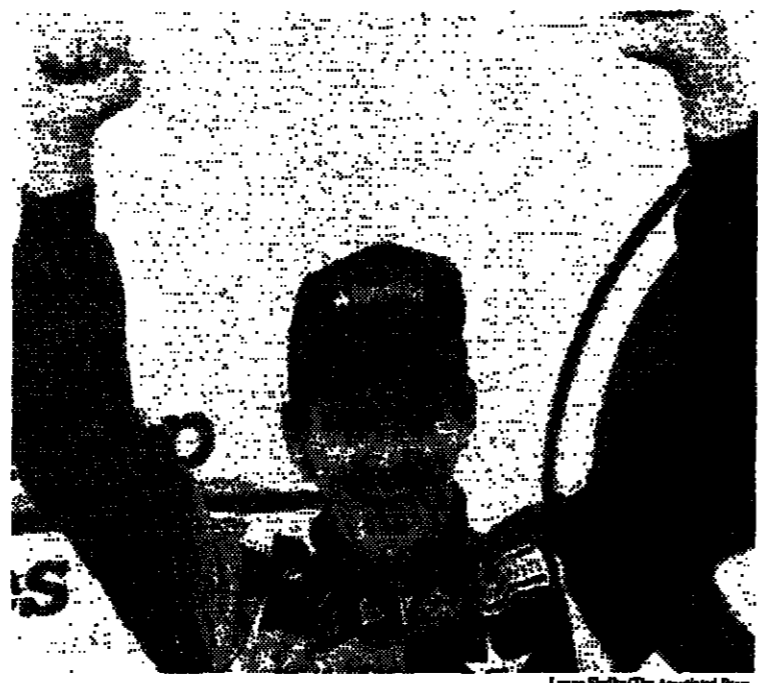
Herald Tribune advertisement with text: 'The eminent Continental Europeans listed in the International Who's Who choose the IHT over any other international publication as a reliable source of international news.' Source: Who's Who in Europe Survey, 1990.

SPORTS RACING

Stock-Car Allisons: Hard-Driven Clan

By Angus Phillips

By agreement with her husband, Liz Allison is overseeing all details of the mansion they are building in Hueytown, Alabama... 'I don't have any problems with Davey. When I'm happy, he's happy,' said Mrs. Allison...



I guess when I look back on 1992 five years from now, I'll look back on the good things. Of course, my grandfather and my brother passed away, but the good things are going to stand out.

Davey Allison

head trauma. Two days later he raced to fifth place, earning \$29,265. In burying his grief that way, Allison followed a tradition of a proud racing family... Bobby Allison drove past his brother Donnie's career-ending crash at Charlotte in 1981 and went on to win Davey himself...

Allison's Havoline team, as well as with the Country Time team for which Donnie Allison is the chassis specialist... 'I remember the first two words out of his mouth when he was nine months old,' said his father, the third-winningest driver ever on the NASCAR circuit...

Bicycling Is Changing Gears

By Samuel Abt

PARIS — Roger Zanier likes the Crillon, the elegant hotel that anchors a corner of the Place de la Concorde in Paris... He quickly made it clear that the mom and pop days were over. 'We will be a demanding partner,' he announced...

munications (read public relations) for the GAN insurance conglomerate, then entered the room and joined Zanier and Legay at the head table... He quickly made it clear that the mom and pop days were over.

The hardest-hit teams are French, Dutch and Belgian, which have not been winning big races.

European countries and that it had been a bicycling sponsor before, from 1972 to 1974... The principal goal, of course, was winning the Tour de France and LeMond seemed the ideal candidate... Zanier explained during the last Tour de France, while he was helping Roger Legay, the Z directeur sportif, find a new sponsor...

Roll Aldag from Helvetia in Switzerland and Rolf Goltz from Aristone in Italy...

U.S. teams on the European circuit have been less active... Overall, at least nine teams have lost their sponsors, including such traditional names as Panasonic, Buckler, Helvetia, RMO and PDM, and no more than three have found replacements... 'We had 30 riders at the start of this season and next year we'll have 15 or at most 16,' said Harry Jansen...

BOOKS

DIRTY POLITICS: Deception, Distraction, And Democracy.

By Kathleen Hall Jamieson. 335 pages. \$25. Oxford University Press Inc., 200 Madison Avenue, New York, New York 10016.

Reviewed by Deborah Tannen FOLLOWING this year's Republican Convention, Bill Clinton observed that the Republicans were trying to make Hillary Clinton the Willie Horton of 1992... 'Reading "Dirty Politics" leaves one with the troubling conviction that our democracy is threatened by the failure to provide voters with the information they need to make meaningful use of the right to vote.'

been electioneering staples, but recent campaigns have added new twists: a destructive interrelationship between political advertising and news media... 'The worst aspect of focusing on strategy and polling is, as Jamieson shows, not what is reported, which is after all of some interest, but what is crowded out: candidates' proposals and actions.'

courage this confusion by designing ads to look like news programs, and newscasters compound it by intercutting ad footage with excerpts of candidates' speeches... 'The actual distribution South was headed for a heavy defeat. Chiarrada, however, knew that there was a powerful hand on his right and was anxious to give nothing away.'

BRIDGE

By Alan Truscott

The most disastrous opening lead ever made in a world championship took place in Buenos Aires 31 years ago... 'With the actual distribution South was headed for a heavy defeat. Chiarrada, however, knew that there was a powerful hand on his right and was anxious to give nothing away.'

BRIDGE (D) ♠ 8 7 6 5 4 3 2 WEST ♠ K J 10 9 7 10 8 7 6 5 4 3 2 EAST ♠ 5 4 2 ♠ K 9 8 4 3 A 7 5 10 7 SOUTH ♠ A Q 8 3 ♠ Q 8 2 ♠ A K 8 3 Neither side was vulnerable. The bidding: North Pass East 3NT West 3NT Pass Pass West led the diamond nine.

PEANUTS

I HEAR YOU'VE BEEN GOING TO OBEDIENCE SCHOOL AGAIN EVERY MORNING... THERE'S AN OLD SAYING, 'FEAR KEEPS MEN IN OBEDIENCE'... THAT AND THE SUPPER DISH...

BEETLE BAILEY

BOY! IS IT HOT! I THINK I'LL JUMP IN THE POOL... NUTS! NO DOGS... I CAN'T SWIM LAPS, BUT IT'S COOL...

CALVIN AND HOBBES

I HATE GOING TO SCHOOL... I WISH I WAS A TIGER... ATTACKING RUNNING ANIMALS INVOLVES A LOT OF PHYSICS... GOSH, I NEVER REALIZED KILLING WAS SO GROUNDED IN THE LIBERAL ARTS... MY DISSERTATION ON ETHICS WAS REALLY WELL RECEIVED...

WIZARD OF ID

I THINK I WILL GO SOUTH AND PLAY SOME GOLF... WHY NOT?... YOUR GAME WENT SOUTH QUITE SOME TIME AGO... I HOPE THEY HAVE A COLD SNAP...

REX MORGAN

MAN, I CAN'T BELIEVE YOUR PARENTS KEPT YOUR ROOM JUST AS IT WAS WHEN WE WERE IN HIGH SCHOOL... I NEVER EVEN NOTICED IT UNTIL I CAME HOME THIS TIME... IT'S HARD TO BELIEVE 16 YEARS HAVE GONE BY UNDER THE BRIDGE, KENNY! YOU WOULDN'T KNOW SOME OF THE GUY'S... A FEW LET THEMSELVES GO, REAL BAD!

GARFIELD

I THINK THAT CLOUD LOOKS JUST LIKE A CLOUD... WHICH ONE?

DOONESBURY

BETWEEN 1770 AND 1840 THE POPULATION INCREASED BY 175%... 'THE FATEFUL DECISION TO REPLY ALAN'S INVOLUTIONARY ONE SINGLE FOOD CROP... I DIDN'T REALIZE HE WAS GOING TO GET SO PERSONAL! GET SO PERSONAL! GET SO PERSONAL!... SEE THAT'S WHY YOU HAVE TO BE READY!'

DENNIS THE MENACE

Dennis the Menace comic strip panels showing him with a squirt gun.

JUMBLE

JUMBLE word game with scrambled letters and words like NEWIT, MILTI, SELAWE, GAZZIG.

BLONDIE

Blondie comic strip panels with dialogue about a political club and a car.

'DON'T MESS WITH HIM, JOEY!' HE KEEPS HIS SQUIRT GUN LOADED WITH PERFUME.

YessieGoy's JUMBLE: BLOOM THINK HAMMER UNWIRE Answer: Adam and Eve were the first persons to eat chocolate out of the—HOUSE AND HOME

صحنه من الاعمال



ART BUCHWALD

Love Amongst the Torts

WASHINGTON — Just when you think that you've heard everything there is to hear about lawyers, you pick up the newspaper and realize that there is still more. David Margolick of The New York Times reports that a corporate lawyer named Frank D. Zaffere 3d sued his fiancée, Maria Dillon, for breaking off their engagement.



Buchwald

decides to go ahead with the marriage in the 45 days allocated to her. Let's start with the honeymoon: "Frank, can we go to dinner this evening beneath the stars?" "Why don't you make a motion, and I will consider it." "You make me so happy." "That is what tort lawyers are for." "Could we waive the legal talk tonight and go to the bridal suite?" "You'd have to show just cause, and I don't think that you've got a case."

Ozzy Osbourne: He's Just a Family Man

By Nick Ravo New York Times Service

NEW YORK — Ozzy Osbourne will always be remembered for his uncontrollable appetite. Once, on stage, he bit the head off a dead bat thrown by a fan. (He says he thought it was a rubber toy.) In a meeting with record executives, he bit the head off a live dove. (He says he was drunk and feeling unappreciated.)



The onstage Osbourne: "All the stuff on stage, the craziness, it's all just a role that I play, my work."

On this day, though, the pioneering heavy-metal singer from Britain isn't even picking at the scones that his wife, Sharon, has ordered up with tea to their hotel suite in mid-Manhattan. Besides watching his waistline, Ozzy is suffering from a lingering cold, fatigue from a year of almost nonstop touring, and myriad other minor maladies, like fallen arches and a torn toenail.

But Ozzy says he refuses to preach sobriety. "Kids don't want to hear it," he said. "They don't want to hear Ozzy Osbourne go walk out on stage and go, 'Right, kids, you know, before I start this song 'Suicide Solution,' I want you to know it's all about the dangers of alcohol.' They want to see me rock."

Ozzy's current tour, which will end on Oct. 10 in Costa Mesa, California, is billed as his last — the "No More Tours Tour." My schedule for the past 25 years has been write, record, tour for a year, take a little time off, then write, record, tour for a year. "I feel like a mouse on the wheel. I am going to continue to write and record at my leisure and do a few gigs when I want to do it, instead of these killer tours."

Devil-worshippers may be chagrined to learn that Ozzy, a member of the Church of England, kneels and prays backstage just before going on; he makes the sign of the cross, too. Maybe as a hedge against the dozen or so fans who storm the stage at each concert. One fan last year broke three of Ozzy's ribs. "It can be frightening," Ozzy said. "But I have learned some pretty good moves out there, and we have security that knows how to handle things."

Ozzy, who has sold more than 10 million records in his solo career and millions more with Black Sabbath, no longer needs touring to back up his album sales. His most recent, "No More Tears" (Epic), has sold almost 3 million copies, his publicist says.

Besides, dividing his time between a 14th-century farm north of London and a rented home in Pacific Palisades, California, where his children go to school, is travel enough. Some days, just rolling off the couch in a hotel suite can be exhausting.

"I defy any guy of 43," he said hoarsely while limping toward the kitchen and the vaporizer, "to do what I do."

Scattered on the couch are battalions of toy soldiers that were ordered into battle by one of Ozzy's five children, blond-haired, 6-year-old Jack, who is launching a simultaneous raid on the pastries on the tea setting. Ozzy's other children are Kelly, 7, Aimee, 9, and, from a previous marriage, Louis, 16, and Jessica, 18.

"I consider myself a pretty good parent," he said. "I don't beat my kids around the house." He says he has frequently lectured his children on the dangers of drugs, drinking, and unprotected sex.

"Jacku," Ozzy said, "what do you do when someone says, 'Smoke this?'" "Walk away," Jack said. "Or, 'Swallow this...'" "Say no," Jack said.

This exchange may seem incongruous, if not hypocritical, to anyone who heard Ozzy on stage the night before. Somewhere between belting out "Paranoid" and "War Pigs" he yelled out mischievously asking if anyone in the crowd was high. The response was predictable.

Nobel Money to Level Off

SLO — Nobel Prizes, which have more than doubled in money value in recent years, will now remain at around their present levels, the head of the Norwegian Nobel Institute said Wednesday.

On Oct. 16, other prizes are announced in Stockholm. "The doubling in the value of the prize [since 1989] reflected the much improved economy of the Nobel Foundation, but it was decided quite some time ago we had reached the level we would remain at," Lundestad said. "There are reserves which make it possible to maintain that level. Sweden moved to crush speculation of a devaluation by briefly jacking up interest rates to 500 percent last week and announced deep cuts in its welfare system at the weekend. Lundestad said future prizes would be adjusted upwards in line with inflation but otherwise remain stable."

PEOPLE

A Message to Madonna, Or How to Sell Books

Book promotion has reached new heights. Dell Publishing, in a press release, says that Christopher Andersen, author of "Madonna Unauthorized," is calling on Madonna to open her empty \$5 million mansion in Miami to those left homeless by Hurricane Andrew. "Madonna is now one of the largest private property owners in Miami. A dozen families or more could live there comfortably," Andersen says via the press release. Is he donating any royalties?

Speaking of book promotion: Britain's most famous prostitute, Lilli St. Clair, bared her heart and her bust at a reception launching her autobiography, "It's Only a Game," written to help pay off a huge tax bill. St. Clair claims to have had sex with more than 200 members of Parliament. She says she won't name them: "I love my men. I don't want to hurt them."

The filmmaker Spike Lee is asking a Los Angeles judge to let him use the Rodney G. King beating videotape in his upcoming "Malcolm X." Lee's lawsuit is the latest round in his battle with George Holliday, who shot the footage from his apartment balcony. Lee's attorney has said the matter must be resolved by Oct. 1 or the film's Thanksgiving release could be jeopardized.

The rock star Frank Zappa, 51, is "very unwell" with prostate cancer and has canceled appearances in Berlin and Vienna to return to the United States for treatment.

The Brussels school of criminology is a little embarrassed. Its office was burglarized to the tune of 18,000 Belgian francs (about \$590), but the theft went unnoticed for three days. Michel Peytler, a spokesman, said a thief used a key stolen from a school employee. Elementary, my dear Watson.

John Guare testified in a New York court that David Hampton, who inspired his play "Six Degrees of Separation," threatened to kill him unless he shared in the profits. Hampton, who conned his way into several people's homes by posing as Sidney Poitier's son, is charged with harassment.

INTERNATIONAL CLASSIFIED Appears on Page 5



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Table with columns for country and access number. Includes Austria, Belgium, Czechoslovakia, Denmark, Egypt (Cairo), Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and United Kingdom.

\* Public phones require deposit of coin or card. \* Western payment includes Berlin and Leipzig. † Limited availability. ‡ Not available from public phones. § Available from major Warsaw hotels.

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CITY FILES

Cairo

Country and city codes: 20 2. Emergency: 122. Medical assistance: 77 01 23. U.S. Embassy: 355 7371. Tourist Office: 391 3454. Trade Fair Center (General Organization for International Exhibitions & Fairs): 260 7849. Union of Chambers of Commerce: 355 1136. Customs: Value-added taxes, which range from 5 percent to 30 percent, are not refundable on visitor purchases made in the country. Currency: \$1 equals 3.3 Egyptian pounds.

Neighborhoods: Cairo's long history dates back to Memphis, the capital of ancient Egypt under the Old Kingdom. This part of Cairo, where the Pyramids and the Sphinx are located, has developed into the suburb of Giza, extending from the Pyramids plateau to the west of the Nile river. Islamic Cairo and the bazaar are located east of the Nile. While the major hotels, public buildings and entertainment centers, including the opera house, are all located on the Nile or close to it in the posh districts of Zamalek and Mubandeseen.

Frankfurt

Country and city codes: 49 69. Emergency: 110. Medical assistance: 112. U.S. Consulate: 75 35 0. Tourist Office: 212 388 00. Trade Fair Center (Messe Frankfurt): 75 75 0. American Chamber of Commerce: 28 34 02. Local Chamber of Commerce: 2 19 70. Customs: Foreigners can claim refunds on the 14 percent value-added tax on large purchases by having their receipts stamped at Customs. Currency: \$1 equals 1.5 Deutsche marks.

Neighborhoods: Frankfurt's main train station, the Hauptbahnhof, is in the western part of the city center. Münchenerstrasse links it to the Römerplatz neighborhood, in which are found the city hall, the Gothic cathedral and the restored remnants of the medieval city. Nearby is the Hauptwache district, where the stock exchange, banks, chambers of commerce and department stores are located. The trade fair center, or Messe Frankfurt, is northwest of the train station. The Bürostadt, a high-rise office park, is on the south side of the Main river.

CALENDAR

- CAIRO SEPTEMBER 20-26: ASTA World Travel Congress, Cairo Convention Center, Nasr City. Tel. 356 0212. SEPTEMBER 30-OCTOBER 5: 4th Frankfurt Book Fair, Messagelände. Tel. 75 75 0. OCTOBER 25: Frankfurt Marathon. CAIRO OCTOBER 26 - NOVEMBER 4: Egyptian Exports Exhibition, Nasr City Exhibition Grounds. Tel. 260 7824. CAIRO NOVEMBER 10, 11 & 12: "Aida," Egyptian Opera House. Tel. 341 2927. NOVEMBER 17-JANUARY 17: Drawings by Honoré Daumier, Stüdel Art Institute. Tel. 605 0980.

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